

**Internal Revenue Service****Department of the Treasury**District  
Director

P.O. Box 2508, Cincinnati, OH 45201

Person to Contact:

Telephone Number:

Refer Reply to:  
EP/EO

Date JUL 30 1985

Dear Sir or Madam:

- This is a final adverse determination letter. Your application for tax exempt status under section 501(c)(3) of the Internal Revenue Code of 1954 is hereby denied. That statute provides for exemption from Federal income tax for corporations or any community chest, fund or foundation that is organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Your organization's activities consist of assisting local churches and their members in the area of estate and financial planning. Aiding individuals in their estate and tax planning is not a charitable activity in the generally accepted legal sense. Thus, your organization is not operated exclusively in furtherance of one or more exempt purposes set forth in section 501(c)(3) of the Code. Accordingly, your application for recognition of exemption under section 501(c)(3) of the Code is denied.

By our letter dated [REDACTED], we proposed to deny your application for tax exempt status under section 501(c)(3) of the Code.

You have agreed to this determination by signing Form 6018, Consent to Proposed Adverse Action. Accordingly, this letter becomes our final determination.

Since you are not exempt, you must file all Federal tax returns required of you by the Internal Revenue Code.

Contributions to you are not deductible by donors under section 170(c) of the Code.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
		[REDACTED]	[REDACTED]	[REDACTED]			
Surname		[REDACTED]	[REDACTED]	[REDACTED]			
Date		7-12-85	7-15-85	7/24/85			

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A copy of this notification has been furnished to the appropriate state officials in accordance with section 6104(c) of the Internal Revenue Code.

This is a denial letter.

Sincerely yours,

[REDACTED]

[REDACTED]

District Director

Internal Revenue Service

Department of the Treasury

District  
Director

P.O. Box 2508, Cincinnati, OH 45201

Person to Contact:

Telephone Number:

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JUN 21 1985

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code of 1954 and its applicable Income Tax Regulations. Based on the available information, we have determined that you do not qualify for the reasons set forth on Enclosure I.

Consideration was given to whether you qualify for exemption under other subsections of section 501(c) of the Code and we have concluded that you do not.

As your organization has not established exemption from Federal income tax, it will be necessary for you to file an annual income tax return on Form 1041 if you are a trust or Form 1120 if you are a corporation or an unincorporated association. Contributions to you are not deductible under section 170 of the Code.

If you are in agreement with our proposed denial, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action.


You have the right to protest this proposed determination if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law and other information to support your position as explained in the enclosed Publication 892 (Rev. 7-83), "Exempt Organizations Appeal Procedures for Unagreed Issues". The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If you are to be represented by someone who is not one of your principal officers, he or she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that:

A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within the time specified, this will become our final determination. In that event, appropriate State officials will be notified of this action in accordance with the provisions of section 6104(c) of the Code.

Sincerely yours,

  
District Director

Enclosures: 3

ENCLOSURE I

[REDACTED]

Your application discloses that you were organized [REDACTED], to solicit gifts and contributions to and for non-profit churches and agencies.

On [REDACTED], your articles of incorporation were amended to include the following purposes:

1. To encourage gifts and contributions to churches and other non-profit religious organizations, other than [REDACTED].
2. To assist members of local churches, and the constituency of non-profit religious organizations to become good stewards of the assets and resources God has entrusted to them.
3. To disseminate information in regard to the orderly transfer of one's estate after death, and to recommend competent professionals who can assist those who desire assistance.
4. To provide whatever counsel deemed valid to enable qualified, non-profit institutions in their carrying out stated objectives of said organization.
5. To provide building and/or buildings where such services may be rendered and to this end, buy, sell, lease, or otherwise secure and hold title to property or assets; to receive gifts, legacies, and donations from any sources whatsoever; and to make gifts and appropriations from any or all of its resources from time to time as is expedient to carry out the objectives of this corporation.
6. It is expressly declared that this corporation is designated not for gain nor individual profit, and that its property shall be used or expended to effect its legitimate ends and objectives.

Your activities consist of assisting local churches and their members in the area of estate and financial planning. You provide estate planning seminars encouraging current gifts, charitable trusts and charitable bequests to churches and para-church organizations.

To implement individual family financial plans, you provide life insurance and IRA's to strengthen the financial base of families.

[REDACTED]

You charge neither the church nor the families for your counseling services. You will derive compensation from the sale of life insurance products commensurate with fees established by insurance companies selected for this purpose. According to your application, the sale of insurance products is a secondary part of your service and your source of income.

To date, your primary source of funds has been a contribution from the [REDACTED], an insurance business of your founders. The primary expenditure has been a housing allowance and medical reimbursement plan for your founders.

Receipts and expenditures are as follows:

<u>BALANCE ON HAND</u> [REDACTED]	0.00
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RECEIPTS

From [REDACTED]	\$ [REDACTED]
From Interest	[REDACTED]
From Overwrites	[REDACTED]
 TOTAL	 \$ [REDACTED]

EXPENSES

Phone	[REDACTED]
Typing	[REDACTED]
Advertising	[REDACTED]
Legal fees	[REDACTED]
Printing	[REDACTED]
Office Supplies	[REDACTED]
Seminar Expense	[REDACTED]
Medical Reimbursement	[REDACTED]
Postage	[REDACTED]
Manuals	[REDACTED]
Office and Clergy Housing	[REDACTED]
Miscellaneous	[REDACTED]
 TOTAL	 \$ [REDACTED]

<u>BALANCE ON HAND</u> [REDACTED]	\$ [REDACTED]
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Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, religious or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual...

Section 1.501(c)(3)-1(a)(1) of the Regulations states that in order to qualify under section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more exempt purposes. If an organization fails to meet either the organizational or operational test, it is not exempt.

Section 1.501(c)(3)-1(a)(2) of the Regulations states that the term "exempt purpose or purposes", means any purpose or purposes specified in section 501(c)(3) of the Code.

Section 1.501(c)(3)-1(c)(1) of the Regulations states that an organization will be regarded as operated exclusively for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3) of the Code. An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations states that an organization is not operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. It must not be operated for the benefit of designated individuals or the persons who created it.

Revenue Ruling 76-442, 1976-2 C.B. 148 holds that a non-profit organization whose primary activity is the offering of free legal services for personal tax and estate planning to individuals who wish to make current and deferred gifts to charity as part of their overall tax and estate planning does not qualify for exemption under 501(c)(3) of the Code.

In *Christian Stewardship Assistance, Inc., v. Commissioner*, 70 T.C. 1037 (1978) the court held that tax and financial planning services are a non-exempt activity substantial in nature and not incidental to a charitable purpose of assisting charitable organizations in their fundraising activities.

[REDACTED]

In Basic Bible Church v. Commissioner, 74 T.C. 846 (1980) the court found that a substantial purpose of the organization was to serve the private interests of the founder and his family. The contributions (mostly from the founder) were spent on their subsistence and "parsonage." The organization did not qualify for exemption under 501(c)(3) of the Code.

You are organized to assist churches and non-profit agencies in their fundraising activities. You accomplish this through financial and estate planning.

Aiding individuals in their tax and estate planning is not a charitable act in the generally accepted legal sense. The organization is providing commercially available services to individuals who can afford them. Although funds may ultimately be made available to charity as a result of the organization's planning assistance to individuals, the benefits to the public are tenuous in view of the predominantly private purpose served by arranging individuals' tax and estate plans. The fact that gifts to charity are contemplated in the plans drawn up does not convert the assistance into a charitable activity or one that promotes social welfare within the meaning of section 1.501(c)(3)-1(d)(2) of the regulations.

Over [REDACTED] % of your revenue, or \$ [REDACTED] of \$ [REDACTED] was contributed by your founders through their commercial insurance agency. In addition, [REDACTED] % or \$ [REDACTED] of your total revenue of \$ [REDACTED] was used for the benefit of your founders for medical reimbursement and housing allowance. You have fulfilled a substantial non-exempt purpose by serving the private interests of your founder.

Therefore, you do not qualify for exemption under section 501(c)(3) of the Code because you provide commercial services and benefit the private interest of your founders.